

futures contracts to trade below twenty percent down. As a result, it is possible that the closing prices used by the future markets to determine variation margin on index futures and the closing prices of future options could lose their theoretical relationship to the closing prices of related index option contracts. In such circumstances, OCC margin calculations for cross-margined accounts might incorrectly estimate the actual risk of the cross-margined positions.

The rule change permits OCC to adjust margin requirements for cross-margined accounts in the event of an asynchronized application of circuit breakers by the securities and futures exchanges. Specifically, the rule change gives OCC plenary authority to take whatever actions that it deems appropriate to adjust margins with respect to cross-margined accounts when futures and options market have become delinked.

II. Discussion

Section 17A(b)(3)(F) of the Act⁴ requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody and control of the clearing agency or for which it is responsible. Section 17A(a)(2)(A)(ii) of the Act⁵ directs the Commission to use its authority under the Act to facilitate the establishment of linked or coordinated facilities for the clearance and settlement of transactions in securities, securities options, contracts of sale for future delivery and options thereon, and commodity options. The Commission believes that the proposed rule change is consistent with these requirements under the Act.

The Commission views the use of cross-margining arrangements as a significant risk reduction method because it provides a means whereby individual clearing organizations do not have to independently manage the risk associated with some components (*i.e.*, the futures or options component) of a clearing member's total portfolio. Therefore, cross-margining programs serve to help OCC assure the safeguarding of securities and funds and to facilitate the establishment of linked or coordinated facilities for the clearance and settlement of futures and options, transactions in securities. However, if the securities and futures markets became delinked because of an asynchronized application of circuit breakers it is possible that OCC's margin system might not accurately estimate

the risk associated with positions in a cross-margined account. The Commission believes that the rule change should ensure the continuous accuracy of OCC's margin calculations for cross-margined accounts.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. OCC-98-06) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Small Business Administration; Interest Rates

The Small Business Administration publishes an interest rate called the optional "peg" rate (13 CFR 120.214) on a quarterly basis. This rate is a weighted average cost of money to the government for maturities similar to the average SBA direct loan. This rate may be used as a base rate for guaranteed fluctuating interest rate SBA loans. This rate will be 5 percent for the October-December quarter of FY 99.

Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for a commercial loan which funds any portion of the cost of a project (see 13 CFR 120.801) shall be the greater of 6% over the New York prime rate or the limitation established by the constitution or laws of a given State. The initial rate for a fixed rate loan shall be the legal rate for the term of the loan.

Jane Palsgrove Butler,

Associate Administrator for Financial Assistance.

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DEPARTMENT OF TRANSPORTATION

Coast Guard

[USCG 1998-4919]

Chemical Transportation Advisory Committee, Subcommittee on Proper Cargo Names

AGENCY: Coast Guard, DOT.

ACTION: Notice of meeting.

SUMMARY: The Chemical Transportation Advisory Committee's (CTAC) Subcommittee on Proper Cargo Names (PCN) will meet to discuss various issues relating to use of proper cargo names for the marine transportation of hazardous materials in bulk. The meeting will be open to the public.

DATES: The PCN Subcommittee will meet on Tuesday, January 12, 1999, from 9 a.m. to 4 p.m. The meeting may close early if all business is finished. Written material and requests to make oral presentations should reach the U.S. Coast Guard on or before January 4, 1999. Requests to have a copy of your material distributed to each member of the CTAC Subcommittee should reach the U.S. Coast Guard on or before January 4, 1999.

ADDRESSES: The Subcommittee will meet at the American Bureau of Shipping (ABS), ABS Plaza, 16855 Northchase Drive, Houston, TX 77060-6008. Point of contact: Mr. Philip G. Rynn; tel.: 281-877-6415; fax.: 281-877-6795. Send written material and requests to make oral presentations to Mr. Curtis Payne, Commandant (G-MSO-3), U.S. Coast Guard Headquarters, 2100 Second Street, SW, Washington, DC 20593-0001. This notice is available on the Internet at <http://dms.dot.gov>.

FOR FURTHER INFORMATION CONTACT: For questions on this notice, contact Mr. Curtis Payne, telephone 202-267-1577, fax 202-267-4570. For questions on viewing, or submitting material to, the docket, contact Ms. Dorothy Walker, Chief, Dockets, Department of Transportation, telephone 202-366-9329.

SUPPLEMENTARY INFORMATION: Notice of this meeting is given under the Federal Advisory Committee Act, 5 U.S.C. App. 2.

Meeting Agenda

The agenda for this meeting will be to develop recommendations which address deficiencies previously identified by the Subcommittee with respect to the following issues:

1. Differences in regulatory requirements for the classification, shipping and transportation of bulk

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78q-1(a)(2)(A)(ii).

⁶ 17 CFR 200.30-3 (a) (12).